Course Description

This course provides an overview of basic economic theory applied to the firm. The core material of this course is motivated through two basic tasks facing a firm: creating value and capturing value. In the first part of the course, we will discuss the issues related to creating and capturing value: demand, production, costs, market structures, economics of strategy, and pricing strategies. In the second part of the course, we focus on issues related to the organizational architecture of a firm: identifying and resolving incentive conflicts, hiring and retaining workers, and devising appropriate incentives through compensation.

Required Text


WCB Mission Statement

“We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.”
Grading Policy

The final grade will be determined on the basis of several assignments (in-class or homework), a mid-term exam, and a final exam. The dates for the mid-term exam and the final exam as well as a list of the reading assignments appears in the ‘Reading Schedule’ section below. The following weights will be applied to each category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem Sets</td>
<td>25%</td>
</tr>
<tr>
<td>Mid-Term Exam</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>40%</td>
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</tbody>
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The cumulative final letter grade will be based on the following scale:

- A $\geq$ 93%
- A- $>$ 93% $\geq$ 90%
- B+ $>$ 90% $\geq$ 87%
- B $>$ 87% $\geq$ 83%
- B- $>$ 83% $\geq$ 80%
- C+ $>$ 80% $\geq$ 77%
- C $>$ 77% $\geq$ 73%
- C- $>$ 73% $\geq$ 70%
- F $>$ 70%

We will follow the assigned text closely, though not necessarily in the order presented in the text. I have included a guide I will supplement some topics will additional material. I have included a guide of the course readings in the ‘Reading Schedule’ section below. I will also assign weekly assignments that will aid your understanding of the concepts discussed in class.

You are welcome to send me emails, my email address is sen@xavier.edu. Kindly include your full name and course number in all correspondence. I would be happy to see you in person during the assigned office hours or by appointment. If you have difficulty or concerns with this course, you may contact Professor Hema Krishnan (Phone: 745-3420, Email: krishnan@xavier.edu, Office: 117 Smith Hall), Associate Dean, Williams College of Business.
Reading Schedule

Week 1: September 19
Discuss Syllabus
Chapter 1: Introduction
Chapter 2: Economists' View of Behaviour

Week 2: September 26
Review of Chapter 3: Markets, Organizations, and the Role of Knowledge (continued)
[Supplemental Reading: Chapter 4 and Chapter 5]

Week 3: October 3
Chapter 8: Economics of Strategy: Creating and Capturing Value

Week 4: October 10
Chapter 6: Market Structures [Monopoly and Monopolistic Competition]

Week 5: October 17
Chapter 9: Economics of Strategy: Game Theory
Review for the Mid-Term Exam

Week 6: October 24
Mid-Term Exam

Week 7: October 31
Chapter 6: Market Structures [Oligopoly]

Week 8: November 7
Chapter 6: Market Structures (continued) [Oligopoly] (continued)
Chapter 7: Pricing With Market Power

Week 9: November 14
Chapter 7: Pricing With Market Power (continued)
Week 10: November 21
   No Class: Thanksgiving Holiday

Week 11: November 28
   Chapter 11: Organizational Architecture
   Chapter 10: Incentive Conflicts and Contracts

Week 12: December 5
   Chapter 14: Attracting and Retaining Qualified Employees
   Chapter 15: Incentive Compensation
   Review of the Course with Concluding Comments
   Final Exam Review, and Course Evaluations

Week 13: December 12
   Final Exam (5:30pm - 8:40pm)